



P R E S S R E L E A S E

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Hingham, MA (Nasdaq – HIFS)

DATE: January 23, 2002

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20% INCREASE IN EARNINGS

HINGHAM INSTITUTION FOR SAVINGS (Nasdaq – HIFS), Hingham, Massachusetts, announced its earnings for 2001. Net income for the year ended December 31, 2001 was \$5,089,000 or \$2.49 per share (\$2.46 diluted) as compared to \$4,227,000 or \$2.07 per share (\$2.06 diluted) in 2000. This represents a 20% increase in earnings. The trend in annual earnings was also reflected in the fourth quarter with \$1,335,000 net income for the quarter ending December 31, 2001 (\$0.64 per share diluted) compared to \$1,151,000 for the quarter ending December 31, 2000 (\$0.56 per share diluted). The Bank's return on equity for the year increased from 15.17% in 2000 to 15.95% in 2001. Its return on assets increased from 1.35% in 2000 to 1.43% in 2001. These results were produced by continued growth in the Bank's balance sheet, effective expense control and maintenance of a strong net interest margin.

Growth trends of recent years continued in 2001 with a 14% increase in total assets, an 11% increase in total deposits, and a 6% increase in total loans over those of December 31, 2000. Loan originations increased from \$92,000,000 in 2000 to \$105,000,000 in 2001.

Despite the recession in the national and local economies, asset quality levels remained stable. Indeed, at year end, the Bank had absolutely no nonperforming loans and no foreclosed property.

Commenting on these results, President and CEO Robert H. Gaughen, Jr. said "Our record earnings and very strong asset quality, in the face of rising unemployment and a struggling national economy, stand as clear testimony to the diligent efforts and good judgment of our Board, management, and staff."

Total assets as of December 31, 2001 were \$386,181,000 as compared to \$337,881,000 at December 31, 2000. Stockholders' equity increased from \$29,501,000 on December 31, 2000

to \$33,537,000 on December 31, 2001 with a concomitant increase in book value per share from \$14.46 on December 31, 2000 to \$16.38 on December 31, 2001.

Hingham Institution for Savings is a Massachusetts-chartered savings bank located in Hingham, Massachusetts. Incorporated in 1834, it is the oldest financial institution headquartered in Hingham and one of the oldest in the Commonwealth. The Bank's main offices are located on Main Street, Hingham, Massachusetts 02043, phone (781) 749-2200. The Bank also maintains branch offices in South Hingham and the neighboring towns of Cohasset, Hull, Scituate, and Weymouth.

The Bank's shares of common stock are listed and traded on The Nasdaq Stock Market under the symbol HIFS.

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

	December 31, 2001	December 31, 2000
<i>(Unaudited)</i>		
<i>(\$ in thousands except per share amounts)</i>		
ASSETS		
Cash and due from banks	\$ 7,417	\$ 6,989
Interest-bearing deposits	33,740	14,243
Cash and cash equivalents	<u>41,157</u>	<u>21,232</u>
Certificates of deposit	970	-
Securities available for sale, at fair value	49,619	39,440
Loans, net of allowance for loan losses of \$2,510,000 in 2001 and \$2,272,000 in 2000	282,386	266,568
Banking premises and equipment, net	3,801	3,178
Accrued interest receivable	1,978	2,057
Deferred income tax asset, net	793	988
Federal Home Loan Bank stock, at cost	4,841	4,019
Other assets	636	399
Total assets	<u>\$ 386,181</u>	<u>\$ 337,881</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 249,970	\$ 225,510
Federal Home Loan Bank advances	96,827	77,887
Other borrowed funds	134	204
Mortgagors' escrow accounts	1,088	1,052
Accrued interest payable	404	414
Other liabilities	4,221	3,313
Total liabilities	<u>352,644</u>	<u>308,380</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value, 2,500,000 shares authorized; none issued	-	-
Common stock, \$1.00 par value, 5,000,000 shares authorized; 2,047,250 and 2,040,750 shares issued and outstanding at December 31, 2001 and 2000, respectively	2,047	2,041
Additional paid-in capital	8,891	8,809
Undivided profits	21,924	18,394
Accumulated other comprehensive income	675	257
Total stockholders' equity	<u>33,537</u>	<u>29,501</u>
Total liabilities and stockholders' equity	<u>\$ 386,181</u>	<u>\$ 337,881</u>
Book value per share	<u>\$ 16.38</u>	<u>\$ 14.46</u>
Return on average equity	<u>15.95 %</u>	<u>15.17 %</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

(In Thousands, Except for Per Share Amounts) (Unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2001	2000	2001	2000
Interest and dividend income:				
Loans	\$ 5,636	\$ 5,491	\$ 22,793	\$ 20,726
Investment securities	634	692	2,563	2,599
Interest-bearing deposits	152	159	685	621
Total interest and dividend income	6,422	6,342	26,041	23,946
Interest expense:				
Deposits	1,824	2,114	8,145	7,829
Borrowed funds	1,088	1,152	4,426	4,276
Total interest expense	2,912	3,266	12,571	12,105
Net interest income	3,510	3,076	13,470	11,841
Provision for loan losses	60	90	240	284
Net interest income after provision for loan losses	3,450	2,986	13,230	11,557
Other income:				
Customer service fees on deposits	180	194	704	686
Gain on sales of securities available for sale	-	-	134	-
Other	64	63	187	172
Total other income	244	257	1,025	858
Operating expenses:				
Salaries and employee benefits	969	837	3,740	3,367
Data processing	143	148	551	501
Occupancy and equipment	177	168	721	711
Legal	3	10	14	31
Other	389	411	1,541	1,458
Total operating expenses	1,681	1,574	6,567	6,068
Income before income taxes	2,013	1,669	7,688	6,347
Income tax provision	678	518	2,599	2,120
Net income	\$ 1,335	\$ 1,151	\$ 5,089	\$ 4,227
Cash dividends declared per common share	\$ 0.31	\$ 0.28	\$ 0.76	\$ 0.68
Weighted average shares outstanding				
Basic	2,046	2,041	2,045	2,041
Diluted	2,074	2,057	2,071	2,055
Earnings per share				
Basic	\$ 0.65	\$ 0.56	\$ 2.49	\$ 2.07
Diluted	\$ 0.64	\$ 0.56	\$ 2.46	\$ 2.06